Early Warning System

IADB-RG-T3818

ConnectAmericas 2021: Facilitating Inclusive Trade and Nearshoring in LAC

Quick Facts

Financial Institutions	Inter-American Development Bank (IADB)
Status	Proposed
Bank Risk Rating	C
Borrower	Regional
Sectors	Industry and Trade, Technical Cooperation
Investment Type(s)	Advisory Services, Grant
Investment Amount (USD)	$ 0.30 million
Project Cost (USD)	$ 0.30 million

Project Description

The objectives of the TC are: (i) to facilitate the internationalization of LAC SMEs, with a particular focus on the inclusion of women and minority owned businesses, and (ii) to facilitate nearshoring and FDI in LAC. To develop services and solutions that contribute to these objectives, this TC will leverage on the following CA assets: (i) database of registered businesses registered on the CA platform, network of local partners, its network of Anchor and Knowledge partners, and the experience of the ConnectAmericas team designing, testing developing, and implementing technology solutions to facilitate regional integration.

The Latin American and Caribbean (LAC) region is expected to shrink between 4.6% and 5.2% because of the coronavirus pandemic. Micro, Small, and Medium Enterprises (MSMEs) are the type of firms most vulnerable to the effects of the coronavirus pandemic. This is particularly concerning because MSMEs are a central pillar of our regional economythey are 99.5% of firms in LAC, employ 60% of LAC's formal workforce, and contribute one quarter of our region's total productive value.
At the same time, there is an opportunity. Because of the increased perception of risk due to the pandemic, multinational corporations (MNC) have accelerated the reconfiguration of their Global Value Chains (GVCs). Many of these corporations are looking into geographically closer locations to source supplies, relocate or outsource their operations, or invest in existing assets. Such nearshoring is a central priority of the new IADB management and constitutes an opportunity for LAC SMEs that are capable of integration into these GVCs or becoming investment recipients. This TC seeks to harness the IDB's ConnectAmericas assets to help MNCs invest and nearshore in LAC, and help LAC MSMEs tap into this opportunity.

ConnectAmericas (CA) is an IDB-led initiative created to help LAC MSMEs internationalize. It consists of: (i) an online platform (connectamericas.com) where users can apply to purchasing announcements from corporations and governments, contact any of the 450,000 registered business people, access e-learning tools (online courses, webinars, videos, articles, and self-assessment tools), and apply to receive financing from local banks; and (ii) a series of face-to-face, sector or geography-specific business matchmaking events that connect LAC SME exporters with buyers from all over the world.

The CA team has witnessed first-hand the fact that online business connection tools and e-learning have become essential for LAC businesses during the pandemic. The number of new firms registered on CA in 2020 was 40% higher than in 2019. The number of people who accessed increased dramaticallyCA webinars viewers increased by 121% in 2020.

Investment Description

- Inter-American Development Bank (IADB)

Contact Information

ACCOUNTABILITY MECHANISM OF IADB

The Independent Consultation and Investigation Mechanism (MICI) is the independent complaint mechanism and fact-finding body for people who have been or are likely to be adversely affected by an Inter-American Development Bank (IDB) or Inter-American Investment Corporation (IIC)-funded project. If you submit a complaint to MICI, they may assist you in addressing the problems you raised through a dispute-resolution process with those implementing the project and/or through an investigation to assess whether the IDB or IIC is following its own policies for preventing or mitigating harm to people or the environment. You can submit a complaint by sending an email to MICI@iadb.org. You can learn more about the MICI and how to file a complaint at http://www.iadb.org/en/mici/mici,1752.html (in English) or http://www.iadb.org/es/mici/mici,1752.html (Spanish).